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SUBJECT: KAGAME VISIT TO CHINA

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11. (U) Summary. President Paul Kagame paid a five day visit to China May 14-19, visiting Beijing, Shanghai and Shenzhen. The two governments signed several accords, including debt cancellation, infrastructure development, expanded trade links, and cultural exchanges. Kagame also addressed the annual African Development Bank meeting, held for the first time in China. Trade between the two nations, while small, is growing, and Rwanda, as many other African nations, is attracted by the Chinese development package of soft loans, technical aid, and minimal conditionality. End summary.

12. (SBU) Local press outlets carried extensive coverage of President Kagame's state visit to China, his talks with President Hu Jintao and other senior leaders in Beijing, and Kagame's address of the African Development Bank annual sessions in Shanghai. Kagame also visited the city of Shenzhen, across from Hong Kong, where the Rwanda Investment and Export Promotion Agency maintains an office. Contacted by pol/econ chief upon the GOR delegations' return to Kigali, presidential advisor David Himbara, who accompanied Kagame, said that the trip had accomplished key GOR goals of increased aid for infrastructure development, increased scholarships for Rwandan students, and the expansion of trade relations between the two nations. The visit to Shenzhen, a booming center for foreign investment, had special resonance for the Rwandan delegation, said Himbara, as it had formerly been a small village located in a mountainous area of China. President Kagame hoped that Kigali, small, underdeveloped, and located in equally mountainous countryside, could one day boast of a similarly booming economy.

13. (SBU) Echoing these comments, Chinese Embassy First Secretary Xinming Wang told pol/econ chief June 1 that five

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agreements had been signed during Kagame's trip, including an accord canceling Rwandan debt owed to China "up through 2005." The debt cancellation totaled USD 160 million, he said. Other accords focused on infrastructure development, particularly road building, and also trade development, sports, and cultural and educational exchanges. Wang noted that this was Kagame's first state visit since his election in 2003, Kagame having paid unofficial visits several times earlier, including in 2006. As a rule China hosted official state visits for no more than three African heads of state each year, he said ("although sometimes we go over"), so the Rwandans had been pleased to be selected. Wang said that the Chinese government had tried to interest the Rwandans in a

city other than Shenzhen, which Kagame had seen before, but "the Rwandans insisted on seeing it again." Wang added that while visits by Chinese businessmen to Rwanda had so far not yielded much new investment, there were "more and more businessmen coming to have a look." Wang also briefly noted the May 22 visit to Kigali by three Chinese generals, a visit he characterized as one focused on training opportunities for the Rwandan military.

14. (SBU) Comment. China presents an attractive partner for Rwanda, with grants, soft loans and technical aid, chiefly for essential infrastructure development, and no great emphasis on conditionality. Trade between the two nations was USD 34 million, a modest sum but growing steadily. Unfortunately for Rwanda, there is no Hong Kong adjacent to Kigali, offering investment, expertise and ready access to world markets, as well as cultural and language affinities. Poor and underdeveloped in a poor, underdeveloped and unstable neighborhood, the GOR is focusing intensive policy efforts on an economic long-shot -- Rwanda as an entrepot between anglophone East Africa and francophone Central Africa. The will is there, as is the goodwill of international partners, but it will be a long and difficult task. End comment.
ARIETTI